NEW YORK MEDICAID REDESIGN

A PROGRESS REPORT

Working together to build a more affordable, cost-effective Medicaid program

Governor's Vision for Reform

Governor's Vision for Reform

"It is of compelling public importance that the State conduct a fundamental restructuring of its Medicaid program to achieve measurable improvement in health outcomes, sustainable cost control and a more efficient administrative structure." - Governor Andrew M. Cuomo, January 5, 2011

Governor's Vision for Reform

Governor Cuomo believes New York can do better:

- ☑ New York spends more than twice the national average on Medicaid on a per capita basis, and spending per enrollee is the second highest in the nation.
- ☑ New York ranks 21st out of all states for overall health system quality and ranks last among all states for avoidable hospital use and costs.
- ☑ Real reform must be pursued in collaboration with key stakeholders.

Governor's Solution = MRT

- ☑ On January 5, 2011, Governor Cuomo issued an Executive Order aimed at redesigning New York's outsized Medicaid program.
- ☑ The order called for the creation of a Medicaid Redesign Team (MRT) to uncover ways to save money and improve quality within the Medicaid program for the 2011-12 state budget.
- ☑ The MRT was also tasked with engaging stakeholders, Medicaid beneficiaries, and citizens. Albany does not have a monopoly on good ideas.

Medicaid Redesign Team (MRT)

- **The Medicaid Redesign Team includes 27 voting members appointed by the Governor including:**
  - *Leaders with expertise in the healthcare industry.*
  - *Business and consumer leaders.*
  - *State officers or state employees with relevant expertise.*
  - *Two members of the New York State Assembly, one recommended by the Speaker of the Assembly and one recommended by the Minority Leader of the Assembly.*
  - *Two members of the New York State Senate, one recommended by the Temporary President of the Senate and one recommended by the Minority Leader of the Senate.*
  - *Governor Cuomo believes that working together we can accomplish far more then when we remain divided.*

(continued)

Medicaid Redesign Team (MRT)

☑ ***PHASE 1: Address the current year budget situation***

- *The Team began its work on Friday, January 7.*
- *The Team submitted its first report with findings and 79 reform recommendations to the Governor on February 24 for consideration in the 2011-12 budget process.*
- *The Governor accepted the recommendations, as is, and sent them to the Legislature in his revised budget bill.*
- *On March 1 the Legislature approved the budget bill that contains 73 of the MRT recommendations.*

(continued)

Medicaid Redesign Team (MRT)

☑ *PHASE 2: Pursue Comprehensive Reform*

- *Develop multi-year quality improvement/care management plan.*
- *MRT subdivided into work groups.*
- *Work on complex issues that were not addressed in Phase 1.*
- *Engage a broader set of stakeholders.*
- *Work groups will be launched in stages – first three are currently being formed.*
- *Recommendations to Governor Cuomo by November 2011.*

Phase 1 Re-cap: What We Accomplished

- ☑ **Engaged stakeholders and citizens in ways never done before in New York State.**
  - *Over 4,000 ideas received in less than two months.*
  - *Public hearings held in Buffalo, Rochester, New York City, Long Island and Queensbury; over 600 ideas collected.*
  - *All MRT meetings were public.*

Phase 1 Re-cap: What We Accomplished (continued)

- ☑ Developed a package of reform proposals that achieved the Governor's Medicaid budget target.
  - ***Total Year 1 Budget Savings = $2.2 billion (state share)***
  - ***Total Year 2 Budget Savings = $3.3 billion (state share)***
- ☑ Introduced significant structural reforms that will bend the Medicaid cost curve.
- ☑ Achieved the savings without any cuts to eligibility. The plan does not eliminate any "options benefits."

MRT – Phase 1

Major Reform Elements

(1) Global Medicaid Cap

- ☑ Two-year state share actual dollar cap.
- ☑ Four-year state share spending cap linked to growth in CPI-Medical.
- ☑ Industry challenge to control costs.
- ☑ “Super Powers” established to ensure that cap is not exceeded.

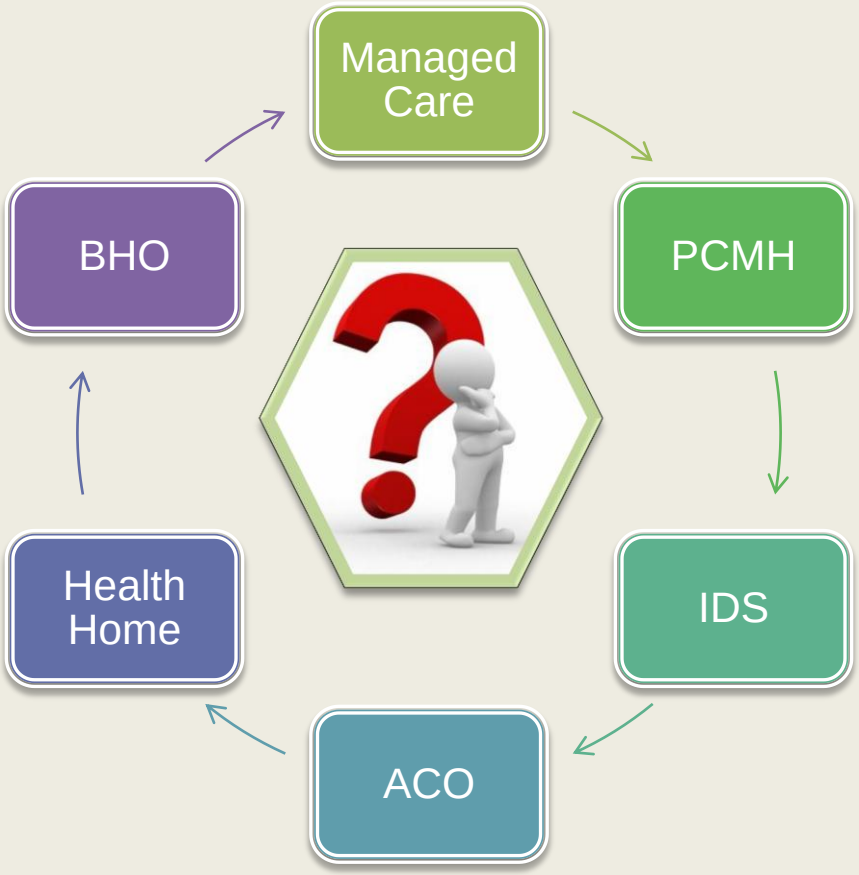
(2) Care Management for All

- ☑ Begins three-year phase-in to access to "care management" for all Medicaid beneficiaries.
- ☑ New York is getting out of the fee-for-service (FFS) business.
- ☑ Over the next three years, new models of care management will be developed to ensure that special populations obtain the services they need (i.e., self-direction).

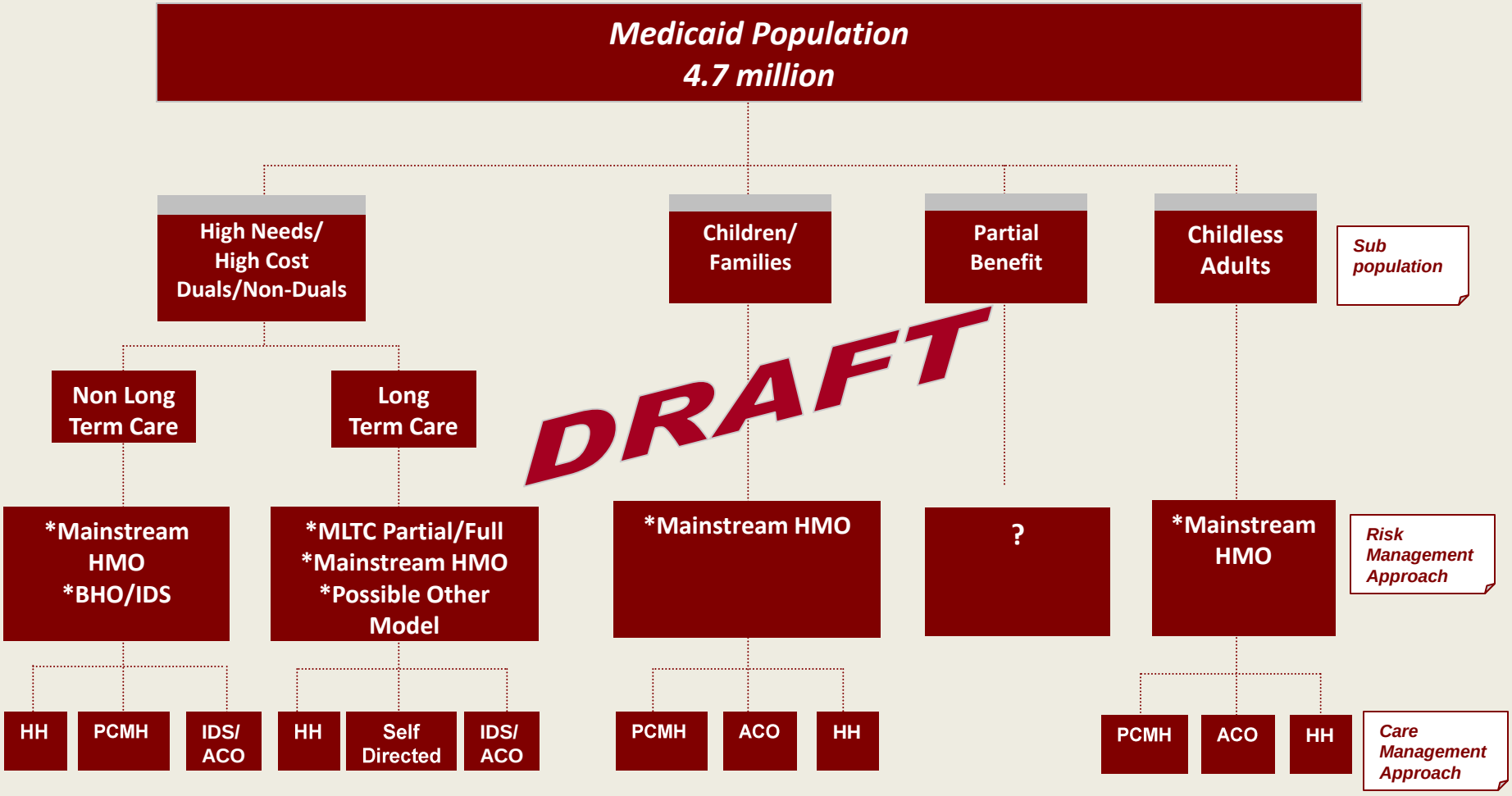
(3) Major Expansion of PCMH and Launch of Health Homes

- ☑ Up to 1 million New York Medicaid beneficiaries could be enrolled in PCMH or Health Homes.
- ☑ Health Homes will be more expansive than PCMH and will target high-need/high-cost populations.
- ☑ PCMH and Health Homes will be fully integrated with Care Management.

How Do These Various Care Management Strategies Fit Together?



Care Management Possible Approach
What Do You Think?



(4) Reform New York's Medical Malpractice Laws

- ☑ In 2009, NYS hospitals spent $1.6 billion for medical malpractice insurance. Up to 50 percent of those premiums are associated with obstetrical cases.
- ☑ New York Medicaid pays for roughly 50 percent of all births in the state.
- ☑ Medical malpractice insurance costs are beginning to create access problems in the Bronx and Brooklyn where Medicaid pays for more than 70 percent of birth-related costs.
- ☑ Medical Malpractice Reform = Medicaid Reform in New York State.

(4) Medical Malpractice Solution: Medical Indemnity Fund

- ☑ First of its kind in the nation.
- ☑ Fund medical costs of victims of negligence (birth-related).
- ☑ Initiative will lower premiums by making health care costs a “known” as opposed to an “unknown.”
- ☑ Lower hospital insurance premiums by 20 percent ($320 million).

Other Reforms

- ☑ Carve-in Prescription Drug Benefit into HMO contracts which lowers costs and improves care coordination.
- ☑ Rate reform for c-sections to lower costs and create financial incentives to lower New York's c-section rate.
- ☑ Contract with Behavioral Health Organizations (BHOs) to begin transition to care management for behavioral health services with goal being full integration of physical and behavioral health within innovative care management arrangements.

Other Reforms (continued)

- ☑ Standardized assessment tool for LTC services which will reduce paperwork and ensure more appropriate utilization of services.
- ☑ Immediate fee-for-service (FFS) rate reform in home health to encourage more appropriate utilization and begin transition to episodic pricing and eventually care management for all.
- ☑ Reform nursing home rates to adopt a “price-based” system and abandon the state’s current “cost-based” system which rewards inefficiency.

Proposals Not in the Package

- ☑ Eligibility cuts.
- ☑ Wholesale elimination of optional benefits.
- ☑ Immediate enrollment of all Medicaid members in mainstream HMOs.
- ☑ Elimination of patient protections in nursing homes and other settings.
- ☑ Complete carve-in of all behavioral health services into mainstream HMO contracts.
- ☑ Elimination of targeted case management.

MRT Implementation Process

- ☑ Implementing Phase 1 proposals is a huge challenge for New York State.
- ☑ The Department of Health is using a very disciplined approach to project management:
  - *Each proposal has an assigned lead and team supporting the implementation, consisting of staff within DOH and other state agencies.*
  - *Biweekly meetings are held to report implementation status to the Medicaid Director.*
  - *A master work plan tracks the tasks associated with each proposal and is published on the MRT Web site.*

MRT Implementation Process

- **MRT process marks a major shift in NYS – CMS relations:**
  - *34 state plan amendments are being submitted in the current round of proposals.*
  - *Weekly conference are held calls with CMS leadership.*
  - *CMS has appointed a special lead to assist with the MRT process.*
  - *CMS has made New York a real priority.*

MRT Phase 1: Bottom Line

- ☑ Reduces Medicaid spending by $2.3 billion in FY 2011-12.
- ☑ Enacts a series of measures to both control costs in short term and enact longer-term reforms.
- ☑ Caps Medicaid spending growth in state law.
- ☑ Begins three-year phase-in to care management for all.
- ☑ We have only just begun …

MRT – Phase 2

Comprehensive Reform

MRT Phase 2: Overview

- ☑ In Phase 2, the MRT has been directed to create a coordinated plan to ensure that the program can function within a multi-year spending limit and improve program quality.
- ☑ The MRT has been subdivided into nine work groups.
- ☑ So far, three work groups have been formed. The rest of the work groups will be established over the next several weeks.
- ☑ Each work group will be given a specific charge.
- ☑ Work group membership will involve even more stakeholders (15 to 17 members).

(continued)

MRT Phase 2: Overview

The Work Groups:

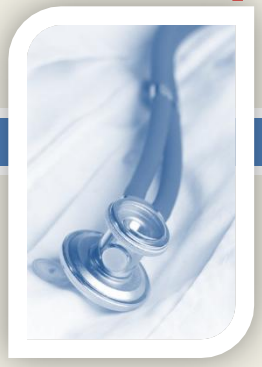
- ✓ **Managed Long Term Care Implementation and Waiver Redesign - *IN PROCESS***
- ✓ **Behavioral Health Reform - *IN PROCESS***
- ✓ **Program Streamlining and State/Local Responsibilities – *IN PROCESS***
- ✓ **Payment Reform/Quality Measurement**
- ✓ **Basic Benefit Review**
- ✓ **Affordable Housing**
- ✓ **Medical Malpractice**
- ✓ **Health Disparities**
- ✓ **Workforce Flexibility/Change of Scope of Practice**

Managed Long Term Care Implementation and Waiver Redesign Work Group

CO-CHAIR: ***Carol Raphael***
President & CEO, Visiting Nurse Service of New York.

CO-CHAIR: ***Eli Feldman***
President and CEO, Metropolitan Jewish Health System, and Chairman, Continuing Care Leadership Coalition.

Managed Long Term Care Implementation and Waiver Redesign



MISSION:

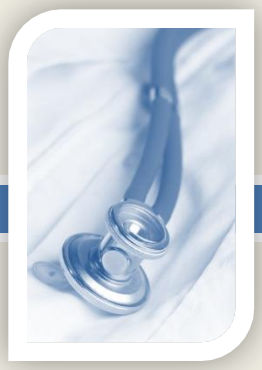
- Advise DOH on the development of care coordination models (which may include Long Term Home Health Care Programs) to be used in the mandatory enrollment of persons in need of community-based long term care services.
- Review processes to ensure that sufficient patient protections exist and will promulgate guidelines for network development, to assure that the contractual arrangements for benefit package services are sufficient to ensure the availability, accessibility and continuity of services.
- Discuss ways to promote access to services and supports in homes and communities, so individuals may avoid nursing home placement and hospital stays.

Behavioral Health Reform Work Group

CO-CHAIR:
Mike Hogan
Commissioner, Office of Mental Health.

CO-CHAIR:
Linda Gibbs
Deputy Mayor of New York City for Health and Human Services.

Behavioral Health Reform



MISSION:

- Consider the integration of substance abuse and mental health services, as well as the integration of these services with physical health care services, through the various payment and delivery models.
- Examine opportunities for the co-location of services and also explore peer and managed addiction treatment services and their potential integration with BHOs.
- Provide guidance about health homes and propose other innovations that lead to improved coordination of care between physical and mental health services.

Program Streamlining and State/Local Responsibilities Work Group

CO-CHAIR:

Steve Acquario

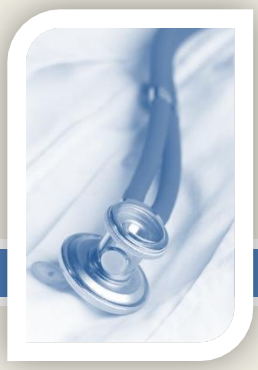
Executive Director, New York State Association of Counties.

CO-CHAIR:

Ann Monroe

President, Community Health Foundation of Western & Central NY.

Program Streamlining and State/Local Responsibilities



MISSION:

- Identify the administrative impediments that prevent New York residents from accessing the health care services they need.
- Explore ways to make enrollment easier by reducing paperwork and other administrative requirements that do not add value or improve program integrity, while ensuring these streamlining activities are in concert with implementation of federal health care reform and operation of the health insurance exchanges.
- Consider consolidating programs to reduce confusion and administrative costs, with a priority focus on streamlining and centralizing long term care administration and services.

MRT Final Product

- ☑ Work groups will meet between June and October 2011.
- ☑ Comprehensive action plan that both improves quality and reduces program costs.
  - ***Due to Governor Cuomo – November 2011***
- ☑ The action plan may be turned into a comprehensive 1115 waiver to ensure that the state has sufficient flexibility to enact all the reforms.
- ☑ The plan will be the most significant overhaul of the New York Medicaid program since its inception.
- ☑ Lots of work still to be done!

Contact Information

We would like to hear from you!

http://health.ny.gov/health_care/medicaid/redesign/

Questions? Contact:

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